

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE (No Surface Use)

, 2009, by and between

arthur L. P. D. Kings and wife Dole that Pipkings

whose addresss is 3213 TOX QUENUE FOR HUDRY		as Lessor,
and, <u>DALE PROPERTY SERVICES</u> , <u>L.L.C.</u> , <u>2100 Ross Avenue</u> , <u>Suite 1870 Dalla</u> : hereinabove named as Lessee, but all other provisions (including the completion of bl		
In consideration of a cash bonus in hand paid and the covenants herein		
described land, hereinafter called leased premises:		
		. 1
ACRES OF LAND, MORE OR LESS, BEING LOT(S)	10	BLOCK 4
OUT OF THE MOCNINGSIDE YORK		ITION, AN ADDITION TO THE CITY OF
FOR TUDOR TO TARRANT COUNTY	ITY TEXAS ACCORDING T	TO THAT CERTAIN PLAT RECORDED
IN VOLUME 388-C PAGE 139	OF THE DIAT RECORDS O	F TARRANT COUNTY, TEXAS.
11 VOLUME	OF THE PENT RECORDS O	TARRANT OCCUTE, TEXAS:
in the County of <u>Tarrant</u> , State of TEXAS, containing <u>Quantical States of Texas</u> gross an reversion, prescription or otherwise), for the purpose of exploring for, developing, pubstances produced in association therewith (including geophysical/seismic oper commercial gases, as well as hydrocarbon gases. In addition to the above-describe land now or hereafter owned by Lessor which are contiguous or adjacent to the about Lessor agrees to execute at Lessee's request any additional or supplemental instruments of determining the amount of any shut-in royalties hereunder, the number of gross acid	producing and marketing oil and gas, rations). The term "gas" as used he deleased premises, this lease also converdescribed leased premises, and, it is ents for a more complete or accurate to	herein includes helium, carbon dioxide and other overs accretions and any small strips or parcels of n consideration of the aforementioned cash bonus, description of the land so covered. For the purpose
or determining the amount of any short-in royalities hereunder, the number of gross act	es above specified shall be deemed b	correct, whether actually more or less.
 This lease, which is a "paid-up" lease requiring no rentals, shall be in force that so the substances covered hereby are produced in potherwise maintained in effect pursuant to the provisions hereof. Royalties on oil, gas and other substances produced and saved hereunder separated at Lessee's separator facilities, the royalty shall be TWANTU-FIN 	paying quantities from the leased prends	s follows: (a) For oil and other liquid hydrocarbons
Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facility the wellhead market price then prevailing in the same field (or if there is no such prevailing price) for production of similar grade and gravity; (b) for gas (including the wellhead market price then prevailing in the same field (or if there is no such prevailing price) for production of similar grade and gravity; (b) for gas (including the wellhead market production at the prevailing wellhead market the continuing right to purchase such production at the prevailing wellhead market prevailing in the same field, then in the nearest field in which there is such a pnearest preceding date as the date on which Lessee commences its purchases here, the leased premises or lands pooled therewith are capable of either production of hydraulic fracture stimulation, but such well or wells are either shut-in or production the producing in paying quantities for the purpose of maintaining this lease. If for a pebeing sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre the depository designated below, on or before the end of said 90-day period and thereaf are shut-in or production there from is not being sold by Lessee; provided that if the Lessee from another well or wells on the leased premises or lands pooled therewith, of such operations or production. Lessee's failure to properly pay shut-in royalty shall 4. All shut-in royalty payments under this lease shall be paid or tendered to Lebe Lessor's depository agent for receiving payments regardless of changes in the ow draft and such payments or tenders to Lesser's request, deliver to Lessee a proper receival and such payments or tenders to Lesser's request, deliver to Lessee a proper receival and such payments or tenders to Lesser's request, deliver to Lessee a proper receival and provided for in Paragraph 3. above, if Lessee drills a well which it premises or lands pooled therewith, or if all production (whether or not in paying to the end of the provisions	ties, 'provided that Lessee shall have rice then prevailing in the same field ng casing head gas) and all other assee from the sale thereof, less a propessing or otherwise marketing such get price paid for production of similar revailing price) pursuant to comparabinder, and (c) if at the end of the primages or other substances covered here ere from is not being sold by Lessee, and of 90 consecutive days such well en covered by this lease, such paymeter on or before each anniversary of the series of the series of the amount of some covered by this lease, such paymeter on or before each anniversary of the series is otherwise being maintain no shut-in royalty shall be due until the render Lessee liable for the amount of some of the series of said land. Ali payments or to JS Mails in a stamped envelope addreptidate or be succeeded by another in ordable instrument naming another instrument naming another instrument naming another instrument of the lease in the production of oil or pay in the production of oil or gas or other erewith. After completion of a well cavith as a reasonably prudent operator anying quantities on the leased premis	the continuing right to purchase such production at a substances covered hereby, the royalty shall be portionate part of ad valorem taxes and production, gas or other substances, provided that Lessee shall quality in the same field (or if there is no such price olde purchase contracts entered into on the same or any term or any time thereafter one or more wells on the price olde purchase contracts entered into on the same or by in paying quantities or such wells are waiting on such well or wells shall nevertheless be deemed to all or wells are shut-in or production there from is not ent to be made to Lessor or to Lessor's credit in the he end of said 90-day period while the well or wells due by operations, or if production is being sold by the end of the 90-day period next following cessation due, but shall not operate to terminate this lease. Or's address above or its successors, which shall enders may be made in currency, or by check or by ressed to the depository or to the Lessor at the last institution, or for any reason fail or refuse to accept stitution as depository agent to receive payments. In antities (hereinafter called "dry hole") on the leased any cause, including a revision of unit boundaries is not otherwise obtaining or restoring production 90 days after such cessation of all production. If at is then engaged in drilling, reworking or any other one or more of such operations are prosecuted with r substances covered hereby, as long thereafter as apable of producing in paying quantities hereunder, would drill under the same or similar circumstances ses or lands pooled therewith, or (b) to protect the
additional wells except as expressly provided nerein. 6. Lessee shall have the right but not the obligation to pool all or any part of depths or zones, and as to any or all substances covered by this lease, either beft proper to do so in order to prudently develop or operate the leased premises, whether unit formed by such pooling for an oil well which is not a horizontal completion shall horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance completion to conform to any well spacing or density pattern that may be prescribed of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescrib prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cut feet or more per barrel, based on 24-hour production test conducted under norm equipment; and the term "horizontal completion" means an oil well in which the horicomponent thereof. In exercising its pooling rights hereunder, Lessee shall file of a Production, drilling or reworking operations anywhere on a unit which includes all reworking operations on the leased premises, except that the production on which here acreage covered by this lease and included in the unit bears to the total gross Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights unit formed hereunder by expansion or contraction or both, either before or after correscribed or permitted by the governmental authority having jurisdiction, or to confinaking such a revision, Lessee shall file of record a written declaration describing the leased premises is included in or excluded from the unit by virtue of such revision, the adjusted accordingly. In the absence of production in paying quantities from a unit written declaration describing the unit and stating the date of termination. Pooling in 7. If Lessor owns less than the full mineral estate in all or any part of the lease of the leased premises or lands pooled therewith shall be reduced to the proportion that of the leased premises or lands pool	ore or after the commencement of print or not similar pooling authority existing authority existing the context of 10%; provided that a larger unit material provided that a larger unit material producing conditions using standard producing conditions using standard component of the gross compected a written declaration describing or any part of the leased premises sessor's royalty is calculated shall be the acreage in the unit, but only to the ehereunder, and Lessee shall have the commencement of production, in order or my productive acreage deterned er evised unit and stating the effective proportion of unit production on what, or upon permanent cessation there ereunder shall not constitute a cross-of differences.	oduction, whenever Lessee deems it necessary or is with respect to such other lands or interests. The acreage tolerance of 10%, and for a gas well or a gay be formed for an oil well or gas well or horizontal thority having jurisdiction to do so. For the purpose ate governmental authority, or, if no definition is so as well with an initial gas-oil ratio of 100,000 cubic and lease separator facilities or equivalent testing ompletion interval in facilities or equivalent testing obtains in the reservoir exceeds the vertical githe unit and stating the effective date of pooling, shall be treated as if it were production, drilling or that proportion of the total unit production which the extent such proportion of unit production is sold by a recurring right but not the obligation to revise any or to conform to the well spacing or density pattern mination made by such governmental authority. In the date of revision. To the extent any portion of the hich royalties are payable hereunder shall thereafter of, Lessee may terminate the unit by filing of record conveyance of interests.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter. arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to

pay or tender shut-in royalities hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acrease interest retained hereuponer.

in accordance with the net acreage interest retained hereunder.

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during

equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire flow, above weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to be production or other programs to the production of the programs of the production of the programs of the production of the programs of th obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16 Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

LESSOR (WHETHER ONE OR MORE)

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor

Oletta Dipku **ACKNOWLEDGMENT** STATE OF KYO 5
COUNTY OF TO TO TO THE THIS INSTRUMENT WAS acknowledged before me on the by: Arthur b. Hpkins and wife To ketta day of <u>WWU</u> 2009 PIPKINS The East State of The East State of the Stat KISHA G. PACKER FOLK Notary Public, State of Texas Notary Public, State of TEXCIS
Notary's name (printed): 1015 has G. PACICET - POIK
Notary's commission expires: April 15 2012 My Commission Expires April 15, 2012 15 2012 STATE OF COUNTY OF This instrument was acknowledged before me on the day of 2009



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

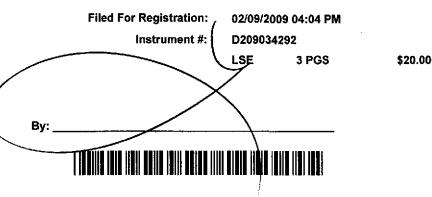
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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